

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Petition of Otter Tail
Power Company for Authority to Increase
Rates for Electric Service in Minnesota

ISSUE DATE: December 30, 1987

DOCKET NO. E-017/GR-86-380

ORDER APPROVING TIME OF USE
RATES PROPOSAL

PROCEDURAL HISTORY

On April 27, 1987 the Minnesota Public Utilities Commission (the Commission) issued its Order in the above-captioned general rate case. That Order required Otter Tail Power Company (the Company), in consultation with the Department of Public Service (the DPS), to develop a proposal regarding time of use rates for large general service customers.

On July 27, 1987 the Company submitted its proposal, which included a proposed rate structure and a plan for a one-year study of its effects. After it analyzed the study results, the Company would submit a final proposal based on the results of the one-year test period.

On August 28, 1987 the DPS submitted its comments on the Company's proposal. The DPS recommended Commission approval, advising that both the proposed rate structure and the test period approach were reasonable. The DPS recommended that the Commission require the Company to submit its final proposal within six months of the end of the test period, however, to ensure prompt consideration of the new rates.

STATEMENT OF THE ISSUE

The issues before the Commission are whether to approve the Company's proposal and whether to adopt the DPS recommendation to require a final proposal within six months of the conclusion of the test period.

FINDINGS AND CONCLUSIONS

The Commission finds the Company's proposal reasonable. The rate structure represents a significant movement toward cost-based rates. The test period concept reflects a prudent concern about the effects of any rate change on the Company and its ratepayers. The Commission will approve the Company's proposal.

The Commission finds that six months should be adequate time for the Company to analyze the results of its one-year study and submit a final proposal on time of use rates. The Commission will so order.

ORDER

1. Otter Tail Power Company's proposal to study time of use rates for its large general service customers is hereby approved.
2. Otter Tail Power Company shall submit its final proposal regarding time of use rates for the large general service class within six months of the end of the one-year test period.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)